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**S.B. 42 - Preferred Prescription Drug List - As Amended**

**Fiscal Note**

2007 General Session  
State of Utah

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**State Impact**

Enactment of this bill could reduce Medicaid pharmaceutical expenses. The amount of benefit will depend on the type and number of drug categories implemented through a Preferred Drug List (PDL) and the number of times prescribing physicians elect to by pass the Preferred Drug List. A net savings estimate from an initial six categories would reduce Medicaid General Fund expenditures by \$2,743,800 and total funding by approximately \$9,831,900 the first year. There may be additional savings due to a potential secondary rebate from pharmaceutical companies. Savings to the State could increase in the future as more drug categories are added to the Preferred Drug List.

It is anticipated that a full Preferred drug List would be phased in over a period of years. The implementation and ongoing management costs are estimated to total \$282,500 General Fund and \$415,500 Federal Funds. The savings listed for the two years are net of the implementation costs.

|               | <u>FY 2007</u><br><u>Approp.</u> | <u>FY 2008</u><br><u>Approp.</u> | <u>FY 2009</u><br><u>Approp.</u> | <u>FY 2007</u><br><u>Revenue</u> | <u>FY 2008</u><br><u>Revenue</u> | <u>FY 2009</u><br><u>Revenue</u> |
|---------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund  | \$0                              | (\$2,743,800)                    | (\$2,743,800)                    | \$0                              | \$0                              | \$0                              |
| Federal Funds | \$0                              | (\$7,088,100)                    | (\$7,088,100)                    | \$0                              | (\$7,088,100)                    | (\$7,088,100)                    |
| <b>Total</b>  | <b>\$0</b>                       | <b>(\$9,831,900)</b>             | <b>(\$9,831,900)</b>             | <b>\$0</b>                       | <b>(\$7,088,100)</b>             | <b>(\$7,088,100)</b>             |

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**Individual, Business and/or Local Impact**

Enactment of this bill may result in lower co-pays by up to 25 percent less for users of Medicaid pharmaceuticals. Implementation would likely not result in direct, measurable costs and/or benefits for businesses or local governments.